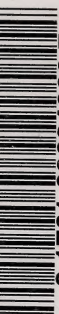


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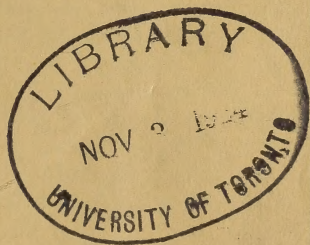
—OF—

Hon. Richard Harcourt

(Budget Debate)

IN THE ONTARIO LEGISLATURE

MARCH 22nd, 1906.



BUDGET DEBATE

ONTARIO LEGISLATURE, MARCH, 1906.

Mr. Harcourt's Speech on the Budget, March 22nd, 1906.

Before discussing the Budget proper Mr. Harcourt spent some time in urging the desirability of conserving our timber wealth. He referred to what was being done in other countries with this in view. New York State, for example, was buying back non-agricultural lands which it had sold long ago with the object of re-foresting them, and generous appropriations were made from time to time for this purpose. Companies and Corporations in different parts of the United States were purchasing spruce seedlings by the hundreds of thousands in Germany and placing them on their large tracts of land with the view of perpetuating a stock of pulp timber. Not a few Forestry Schools were being established and President Roosevelt himself was taking a keen interest in the whole subject of Forestry. We had managed our lands and forests department with signal success. On the average we had received one million dollars a year from this source. By adhering to a wise and progressive policy we could make this revenue permanent. He appealed to the present Crown Lands Commissioner to adopt as his ideal the policy of conservative lumbering under the supervision of trained foresters and to make it a rule that the work of reproduction should keep pace with that of destruction.

He argued that there was no doubt as to our being able to continue to derive a very large revenue from this source. He quoted Mr. Kirkpatrick, Director of Surveys for Ontario, who recently estimated our unsold red and white pine at six billion feet board measure, worth at present prices over forty two millions of dollars, equivalent to a revenue of a million and a quarter of dollars a year in perpetuity. Our pulp wood according to Mr. Kirkpatrick's careful estimate should yield even a larger revenue, and the value both of pine and spruce pulp wood was constantly increasing. Our immense forests of valuable hardwood furnish another great asset.

EDUCATION.

Mr. Harcourt dwelt also on the growing importance of technical education. Commerce and industry—and education are inseparably connected. Trade in these modern days is warfare and

thorough scientific equipment is needed if we are to succeed in the struggle. England, keenly feeling German competition and attributing decline in this or that branch of trade to her own scientific unpreparedness, met it by establishing technical schools. Germany in one school alone, that at Charlottenburg, Berlin, had a staff of teachers in Science numbering 402. In her chemical industries 4,500 chemists were engaged. No wonder then that she exported drugs and dyes in a single year to the value of £19,698,750.

Do not our forests, mines and fertile fields call loudly for scientific experimentation and development! Mr. Harcourt thought that the Dominion Government should give large grants to the Province in aid of technical education. We need technical education, not in lieu of, in any sense, but in addition to our other excellent educational agencies.

He reminded the House that the late Government had not ignored these considerations since in 1901 it had taken over and cared for out of Provincial funds the scientific departments of the University and had recently doubled the teaching efficiency of the School of Practical Science by devoting to its work the new building on College St., erected at a cost of \$300,000.

TEMISCAMINGUE BONDS.

Mr. Harcourt next dealt with the question of the sale of bonds of the Temiscamingue Railway. It must be remembered, he said, that no Treasurer of Ontario, save the present one (Colonel Matheson) ever sold or tried to sell or was authorized to sell a direct bond of the Province. Colonel Matheson's attempt is the first of the kind and therefore there is no ground or room for comparison. Representing the late Government, Mr. Harcourt said, I negotiated a temporary loan* on the security of the Temiscamingue Railway bonds, the rate of interest being 4% with the expectation that it would be renewed if necessary at 3½%. In March 1904, Mr. Fielding, Minister of Finance at Ottawa, renewed Dominion of Canada Stock and Bonds (amount £2,500,000) at 4%. This of itself amply justifies my temporary borrowing on the strength of a Temiscamingue Railway security at the same rate. Mr. Fielding's reasons for delay and for temporary borrowing and mine were the same.

The South African War had demoralized the money markets of the world. All securities had dropped in value. The war had cost £300,000,000. There had been much borrowing on the part of the English and Scotch Municipalities. Two millions of pounds had been drawn from the Savings Bank in a single year. Consols had dropped from 107½ in 1895 to 88 in 1904. India 3s had dropped in the same time from 108½ to 94. The income tax which had stood at 8 pence during 1896, 1897, 1898 and 1899 had risen to a shilling on the pound. The cotton and allied trades were depressed. English credit for the first time was lower than French credit. Repre-

*This temporary loan was renewed for six months at 3%.

sentative investment and speculative securities had alike declined. It was plainly not a time to attempt to sell the bonds and therefore we borrowed temporarily at four per cent.

It must be remembered that we had no direct Provincial securities to offer. A direct obligation (bonds or stock) of the Province is one thing; a railway bond guaranteed by the Province quite another thing. The two do not appear on the same page even of the daily official list of the London Stock Exchange. On page 2 you will find Colonial and Provincial Government securities (Canada Bonds, Nova Scotia Bonds, British Columbia bonds, etc.). On page 5 you will find Colonial Railways. On this page 5 if we had sold, our Temiskamingue bonds would have been mentioned. The direct bond of the Province is of course quite more valuable and desirable than its mere guarantee. To give an illustration. In the same year C.P.R. bonds guaranteed by the Dominion of Canada, and direct Dominion of Canada bonds were offered for sale in the London Market. The Canadas (as they call them) brought a noticeably better price than the guaranteed railway bonds. For these reasons when the Liberal Government left office I left on file in the Treasury Department for the Incoming Treasurer a written memorandum, the last two paragraphs were as follows:—

“To conclude I am strongly of the opinion that Legislation at the approaching Session should be enacted providing for the issue of direct bonds of the Province (for the purposes of this railway) and that these bonds should take the place of the bonds of the railway guaranteed by the Province; further that the name of the railway should be changed and that it should be known as the Ontario Government Railway. If this were done a much better price could be obtained for our bonds.

“I further suggest that the incoming Treasurer will urge upon the Dominion Government the desirability of securing legislation from the Imperial Parliament which would permit the obligations of the Province to be classed as ‘trustee securities’. This being done our securities would bring as high a price in London as the bonds of the Canadian Government. This is important since we must, in the near future, extend the Temiskaming Road to James’ Bay and this would necessitate further borrowing.”

The present Government acted on the first suggestion and the Legislature gave them power last session to issue direct securities, (bonds or stock). These direct securities of the Province (the first and only ones ever issued) the present Treasurer has sold at 96 (4 points below par). They bear $3\frac{1}{2}\%$ interest payable half yearly and run for 40 years.

There is no better security in the world. There could be none. Our wealthy Province should be able to borrow money on as good terms and at as favorable a rate as the Dominion itself. We are ab-

solutely free from debt since we have trust securities yielding us 5 per cent interest, debentures and cash on hand amply more than sufficient in amount to pay our railway certificates and annuities which constitute our only direct liability; the indirect liabilities, and there are only two, viz., the Sault guarantee and the Niagara Falls Park bonds, to which I will refer later on, need not be considered for obvious reasons. During the last few months Dominion of Canada bonds, $3\frac{1}{2}$ per cents were sold at a premium of $2\frac{1}{8}$. Within the same time bonds of the city of Toronto also $3\frac{1}{2}$ per cents were sold at a premium. The $3\frac{1}{8}$ s of the Province of Nova Scotia, which has a considerable debt, were quoted at a premium just before the Boer war. The Dominion has a large debt. The city of Toronto has a large debt, and yet the securities of the rich Province of Ontario which is free from debt have been sacrificed at 4 points below par. Worse still the Treasurer does not even seem to realize that he has made an indefensibly bad bargain. A few years ago and subsequently the late Government sold free from all expense the railway annuities of the Province at a considerable premium, viz., at a rate yielding to the purchaser only 3-16 per cent. And the securities so sold were not as desirable in form as those the present Treasurer has sold at a discount. In every way the bonds just sacrificed were desirable: they were for a long term, and for a large sum (\$6,000,000). Exactly such securities as are considered most attractive. It was all important that since we were borrowing for the first time we should obtain par at least for our bonds. We were making our first mark as borrowers, and I greatly regret to add that we have made a bad mark. The Treasurer tells us that he renewed the temporary loan at $3\frac{1}{2}$. Why did he not renew again rather than make this bad mark and injure our credit for all time to come? The loss of a quarter of a million dollars on this transaction is a serious one for the Province. The irretrievable damage to our credit is still more serious.

Why did the Treasurer commit himself to such a damaging sale? Why did he not wait until a better price could be had. There was no occasion for haste. The financial pendulum will swing back. Better renew at $3\frac{1}{2}$ or even 4 for two or three years than bind the Province to a sale at 96 for forty years. He should, I repeat, have insisted on obtaining par or waited.

Before committing himself why did he not offer the loan to the Canadian public. Canada is prosperous and her prosperity is increasing year by year. The paid up capital in our Banks in 1905 exceeded that of 1904 by \$5,000,000. The bank deposits in 1905 were greater than those of 1904 by \$60,000,000. The bank reserves have increased \$3,000,000 a year during each of the last ten years. Our Insurance Companies and foreign Companies doing business in Ontario need securities such as our bonds for deposit at Ottawa and for very large amounts. Our exports in 1905 exceeded those of

1904 by \$30,000,000. Britain imported \$3,000,000 more of cheese and \$4,000,000 more of bacon in 1905 than in 1904.

Manitoba grew 16,000,000 bushels more of wheat and 9,000,000 bushels more of oats in 1905 than in 1904. More immigrants from the United States and elsewhere than ever before. Noticeable railway development. Rich mineral veins revealing untold wealth discovered at Cobalt. Bradstreet's Review says "In no previous year in Canadian History has prosperity and advancement been so marked as in the past twelve months."

Bonds of the Grand Trunk Pacific to the amount of \$30,000,000 were successfully floated, also bonds of the Canadian Northern.

Is this a time to sacrifice the securities of the Province of Ontario?

FINANCIAL PROBLEMS.

The legislature has no more important duty than to exercise a watchful control over our finances. There is a tendency everywhere, and it is growing, to make new and increasing demands on the Treasury. The people demand more from Governments than formerly, and at the same time they seek to cut down taxation.

While it is thought commendable for the individual to be economical, economy in a public sense is a lost art, a thing despised.

Public activities are being extended, new departments of Government are required; the work of administration grows, and therefore the urgent need of constant watchfulness over expenditures.

The progressive States of New York and Massachusetts are diligently looking for new sources of revenue. The policy of the late government kept these considerations constantly in mind. We avoided parsimony on the one hand and extravagance on the other. We sought generously to meet every public need. We believed that in a young and growing Province the question was not so much to limit expenditures as to make sure that for every dollar's expenditure we got a full dollar's worth. And the bulk of our expenditure was simply a return of money to the people for their local needs.

We left our finances in a sound and healthy condition. We occupied in the matter of financial administration an impregnable position. In addition to all this we had a constructive policy as well, we added to our revenues, and our constructive legislative enactments making provision in a fair way for a largely increased and constantly increasing revenue, have since been copied and adopted by the other Provinces.

Our opponents found fault with our administration on the ground that it was extravagant, and with our legislation alleging that it was not necessary. How inconsistent, illogical and mistaken they were in both regards, I shall now attempt to prove.

They have two lines of policy and action, one for use when in opposition, and the other for use when in power.

My Hon. friend, the Treasurer, when in opposition lamented the increased and increasing expenditures.

When in power forgetting all this he increases the expenditures in almost every direction. He forgets his past carpings, croaking and criticisms and the very first year he is in charge of the expenditures they go up more rapidly than ever heretofore. The expenditures of 1905 under the heads of Legislation and Civil Government were considerably higher than heretofore, and these are controllable expenditures.

ATTACKS ON THE LATE ADMINISTRATION REFUTED.

The Toronto Mail, the Premier and his supporters keep saying that a new era is dawning, an era of business like administration, that we are done with the era of deficits, and these misleading statements are being repeated day by day with the hope that mere parrot like repetition will obliterate the truth. Only a few years ago, it will be remembered, the leading Tory Journal characterised the liberal administration of our finances as "thrifty, judicious, clean," and every independent newspaper in the Province has given unstinted credit to the late Government in this particular.

What are the facts? How did the Province stand financially when the present Government took office? The late Government left a legacy at the close of 1904 in the banks of hard cash of \$2,855,584 and interests bearing trust funds amounting to \$3,379,407, debentures to the value of \$151,182, in all \$6,386,179.

Against this large credit balance there were railway obligations (annuities and certificates) maturing year by year which as a rule have been met out of the current year's revenue, the present value of which is \$4,042,000. On this account we must pay in 1906 \$223,760, the same amount each year until 1924, after which date the amount becomes less and is fully paid up in the year 1944. After 1934 the amount thus maturing grows considerably smaller year by year. We can easily meet these payments out of current revenues. These obligations represent the subsidies or subventions formerly paid by the Province to railways, certificates being given instead of cash. No one ever questioned the wisdom of these grants, or the value direct and indirect received by the Province on account of them. We have substantial Provincial assets to which I will refer presently which would more than offset these obligations twice over. There is a balance due the Dominion of \$1,737,000 under the settlement by arbitration of accounts open since Confederation and never settled until recently. We therefore left our finances in a most satisfactory condition. But our opponents say, you have indirect liabilities and they name them.

INDIRECT LIABILITIES.

The largest of these is that of the Temiskaming Railway which the Province owns and operates. The present Treasurer in large type in his accounts classifies this railway as a liability. Why, Sir, the Statute providing for its construction, as the House well knows, sets aside for that purpose 20,000 acre per mile. This land grant alone when sold will meet the cost of the road. A very valuable tract of pine timber estimated to be worth at least a million of dollars is part of the property of the Road. The mines at Cobalt unparalleled in richness, the discovery of which is to be credited to the Temiscamingue Railway, should under a progressive mining policy contribute substantially towards the cost of construction of the Railway. Our opponents are boasting of the revenues it produces. That it is a truly magnificent asset everyone well knows. As part of the great development policy of the late liberal Government it is the key itself. Imagine Sir, the Treasurer of this Province attempting to sell the bonds of the Province and tortuously twisting a fine asset into a liability. Our three great Railway Corporations would either of them take it from the Province, assume all the charges against it and pay as well millions of dollars for the property. Then, our opponents point to the bonds issued by the Niagara Falls Park Commissioners to meet expropriation and other charges amounting to \$600,000. The United States Commissioners paid far more money for a much less acreage and derive absolutely no revenue from the property.

We received \$62,550 revenue from this property last year. Our receipts thus far amount to nearly half the value of the whole bond issue, and we will at an early date receive \$262,500 a year when the Power Companies are operating to their full capacity. In other words this property is a capital investment soon to yield 4% on \$6,500,000 and yet our Treasurer, anxious to injure the financial record of his political opponents, twists a \$6,000,000 asset into a liability. No wonder that our bonds have been sold at 96.

The other indirect liability they name is that of the Sault guarantee of \$2,000,000. The Treasurer admits that the Province is well secured. He knows, Sir, that in no possible way could the Province be called upon to pay one dollar because of this transaction, and yet he conspicuously refers to it in his accounts. The \$2,000,000 in question will be paid as he knows in the course of a few weeks and our liability will then cease. The late Government, Sir, does not regret its action in this matter. It was of vital interest to the whole Province that the Industries in question should not be allowed to languish. Their decay meant serious loss to all our people, distress to thousands of operators and a death blow to the work of development in Northern Ontario. Inaction on our part would have closed, for example, the Helen mine. It produced 203,569 tons of ore last year. It would have driven 4,000 mechanics to the

United States. They have been receiving during the last year in wages \$150,000 a month. The steel rail mill alone because of its successful operation has justified our course. What this means in these days of extensive railway construction directly and indirectly the House well understands. The Sault Guarantee matter will always redound to the credit of the Liberal party. Naturally the party of stand-stillness and reaction were in this and in other matters opposed to progress and action.

1904 vs. 1905.

The Mail, the Treasurer and the Premier all boast of their financial performance in their first year, viz., 1905. Let us analyse it. Their predecessors, as I have said, left them in the form of cash in the banks no less a sum than \$2,855,000. Not difficult one would think to make a good showing with such a credit balance to start with. At the end of their first year the bank balance had decreased to \$1,939,000. Deducting money received from timber bonuses (years ago they argued that this was not an ordinary receipt) they claim a surplus on their first year operations. In other words that their total receipts exceeded their total expenditures by \$100,000—But they spent \$213,285 less on public buildings and public works (additions to assets) in 1905 than their predecessors did in 1904. If they had spent as much on public buildings and works as was spent the year before, their first year would have disclosed a deficit of more than \$113,000.

Again their timber receipts in 1905 exceeded the average timber receipts of the last seven years by \$196,000 (the seven years' average being \$1,867,730). If this receipt had been the average one their first year's deficit would have exceeded \$300,000. Further they received last year \$445,688 from taxes on corporations. This revenue they strenuously objected to when the bill providing for it was introduced in 1899. Twice they moved the six months' hoist and sought to throw out the bill. The Attorney General on the second reading and the Premier on the third reading moved the six months' hoist. They are, therefore, not entitled to this revenue. Deduct this \$445,688 from last year's receipts, and their first year's deficit grows to the large figure of \$745,000. But this is not all. The Treasurer himself in 1896 moved to reduce the receipts from Succession Duties by a percentage which would have amounted to at least one-third of the total receipts. The total receipts last year was \$684,178. Deduct one-third and the deficit of their very first year exceeds one million of dollars. I might allude to the large receipt from Brewers' Licenses (\$62,977) against which they also moved when in opposition. Truly the Treasurer is in the position of him who exclaimed "and in the lowest deep a lower deep, still threatening to devour me opens wide". What financial policy (it is not

worthy of the name of policy) could work out more disastrously for the Province?

The *Mail* boasts over the surplus of 1905. It does not allude to the large surplus of 1904.

I commend to the Treasurer Carlyle's memorable words (see his work on the French Revolution)—

"How singular this perpetual distress of the Royal Treasury."

Be it "want of fiscal genius" or some other want, there is the palpable discrepancy between revenue and expenditure; a deficit of the revenue; you must choke the deficit, or else it shall swallow you! This is the stern problem; hopeless seemingly as squaring of the circle".

The late Government taking one year with another during the long period of thirty years succeeded in squaring the circle, in making ends meet, and by constructive finance through the channel of new revenues in bridging the gulf between receipts and expenditures.

The *Mail* says that under Liberal rule there was an era of deficits. Let us have the facts. During our last year (1904) there was a surplus (including as we always did receipts from timber bonuses) of receipts over expenditures of \$860,905, and during that year as I have said there was paid for public buildings and works \$223,285 more than was paid in 1905.

In 1903 similarly we had a surplus of total receipts over expenditures of \$577,671 and in 1901 a surplus of \$472,210 in the face of our paying out for public works and buildings and Railway aid the large sum of \$454,000. In 1900 our Surplus of total receipts over total expenditures was \$189,211. In that year we spent for public works and buildings and Railway aid (extraordinary expenditures) \$431,000.

Take the period (era the *Mail* calls it) 1900 to 1904 inclusive, and it will be found that the aggregate receipts for the five years exceeded the aggregate expenditures by \$2,011,085. Or take the preceding period (or era) constituting our sixth parliament, embracing the years 1886-1890.

We commenced 1886 with \$227,894 in the Bank.

We commenced Feb., 1890, with 214,491 in the Bank.

Received in that time—4 years—\$13,811,133 (including C.L.)

Expended in that time—4 years—\$14,135,118(" Bldgs.)

(\$300,000 bonds sold, the proceeds being in the bank).

Spent—\$1,747,572 on new Public Buildings, thus adding to our permanent assets.

Received—\$1,383,000 from sale of timber.

Or within \$10,600 in the Banks at the end of 4 years as compared with the beginning, and not trenching to the extent of one dollar on the surplus assets of over \$6,000,000.

Or take the period, viz., the years 1894-1896 inclusive. We commenced 1894 with a credit balance of \$1,000,016 in the banks. At the end of 1896 we had still to our credit in the banks \$226,820 although in the interim we had expended \$671,000 on public buildings, part of this sum, viz. \$197,829, having been spent in the erection of the new buildings at Brockville. During this period also \$219,000 was spent on railway aid.

In 1895 our ordinary receipts exceeded our ordinary expenditures by \$158,000; in 1896 by \$87,000.

Ten months of 1897 a clear surplus of total receipts over total expenditures of \$500,000. The present Treasurer prophesied that there would be a deficit of \$600,000. Ours was not a deficit making administration. It matters not what period or era we take the result is alike satisfactory.

By way of further illustration take the years 1890-1893 inclusive.

We have as total receipts	\$16,516,579
Total Expenditure	<u>\$16,035,985</u>

Saved out of our annual receipts these 4 years \$ 480,000

In two of these years we sold annuities to the amount of \$428,000. Deduct it even and there is a favorable balance. But we retired during these 4 years railway certificates and annuities to the amount of \$1,060,265.

Nearly \$2,750,000 spent during this period on public buildings, nearly a million dollars on these Parliament Buildings and \$360,000 on the Asylum Cottages at Mimico.

An analysis of the transactions of the period from 1872 to 1885 makes it clear that instead of wasting our timber assets we have merely converted them into other assets of permanent value.

We received from 1872 to 1885 from Crown Lands, Woods and Forests (deducting legitimate expenses) \$6,877,240.

Every dollar of it was re-invested in permanent and tangible assets of far more value to the Province than land and timber.

In Public Buildings (every financial institution would so classify them as assets) such as Asylums, Normal Schools,

Agricultural College	\$2,958,354
Public Works and Roads and Bridges	2,090,273
Railways	<u>3,662,593</u>

\$8,717,220

Or nearly \$2,000,000 more expended in these permanent assets than we have received for land or timber sold.

The following table showing Provincial expenditures of a special nature and not to be classed under the head of ordinary expenditure is interesting.

Railway Aid	\$10,000,000
Asylums	5,000,000
Educational (Normal Schools, Agricultural College, School of Practical Science	4,000,000
Parliament Buildings	1,500,000
Colonization Roads and Mining Roads....	4,000,000
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	\$24,500,000

Omitting the grants in aid of railways we still have \$14,500,000 invested in permanent assets.

Our opponents in the past argued that timber revenues were treated by Sanfield Macdonald as capital to be invested but not expended, that only the interest on it should be used as ordinary revenue. I have looked into this matter. Not a single expression of any member of John Sanfield's Government can be pointed to as supporting such an argument. On the contrary his Treasurer, E. B. Wood, on one occasion said:—"The Crown timber revenue I look upon as permanent.....The Crown Timber, if the policy is carried out of preserving the timber as much as may be, on lands which are not suited to Agricultural purposes, will prove a source of revenue not only to the present, but to the future generations".....

If anything were wanted to show that the late Government without stint or parsimony returned to the people large sums, increasing rapidly so as to meet growing needs or new activities, the following statement will furnish ample proof.—The same statement proves also the urgent need there was of seeking the new revenues to which the present Premier and his colleagues were persistently opposed:—

	1885	1889	1893	1896	1904
Pub. Ins. Mtce.	\$613,570	\$728,909	\$778,839	\$796,567	\$950,434
Admin. of Justice	354,923	366,252	380,652	441,055	482,460
Education - -	533,564	598,238	662,520	702,457	948,806
Hospitals and					
Charities - - -	96,421	138,787	181,064	192,041	374,765

Of all the money spent by the late Government eleven dollars out of every one hundred was expended on education, nineteen dollars out of every hundred for the upkeep of our public institutions, ten dollars for the administration of justice, eleven dollars for public works and buildings, and similarly large percentages for other purposes which in a like manner lessened local burdens.

CONSTRUCTIVE FINANCE: SUCCESSION DUTIES.

While it is all important to conserve existing revenues and apply them carefully and prudently to public ends, it is fully as import-

ant to look abroad for new revenues so as to be able to meet the inevitably increasing expenditures. To say this is to utter a truism.

Judged by this test the late Government won and held the approval of moderate men of all political parties.

On the 12th day of March, 1892, what is called the Succession Duties Bill received its first reading. It was read a third time on the 31st day of March. It has fulfilled every expectation entertained concerning it. The burdens, if they can be called such, fall only on those well able to meet them. Its exactions are light and fairly distributed. It conforms to the basic principles of just taxation—"ability to pay" and "equality of sacrifice". The revenue derived from it is easily collected, and it cannot in its working occasion hardship. The original bill of 1892 was explained at considerable length by the then Premier and Treasurer. It was not debated to any great extent. The justice of its underlying principles was universally admitted. The bill itself earmarked for charitable purposes the money to be collected under it and it was immediately copied by all the Provinces.

In 1896 it was amended, widened and improved. On that occasion the present Treasurer sought to weaken the bill and moved that the Bill be not now read the third time but be forthwith referred back to committee of the whole House, with instructions to amend sub-sections 2 and 3 of Section 4 by striking out the figures "\$2.50" and "\$5.00", and inserting in lieu thereof "\$1.00". And to amend sub-section 4 of said section by striking out the figure "\$5.00" and inserting "\$2.00" in lieu thereof. And to amend sub-section 5 of said section by striking out the word "ten" and substituting "six".

The effect of this amendment, which was of course defeated, would have been to take away at least one-third of the earning power of the bill. The amendment was supported by the whole opposition,—the present Premier voting for it.

The total revenue derived from this one Act of the late Government up to the end of 1905 amounts to \$4,316,621. The amount received last year (an unusually fruitful year I admit) was \$684,178. As our country grows wealthier these receipts will increase.

Only large estates pay, the small estates (those under \$10,000) escaping. The bulk of the receipts comes from very large estates. Twenty estates alone have contributed \$1,081,000. I prophesy that one-fourth of all our revenues will at no distant day come from this one source. I think that estates, over say two millions, should yield a larger graduated percentage than we now exact. The State of New York received from this tax in 1903 \$4,665,700 and the State of Pennsylvania \$1,300,806. The Hon. Gentlemen opposite attempted to cripple this Act, one of them calling it "an odious tax", another "confiscation" and still another, determined to reach a climax, "robbery."

The present Government has condoned the robbery, is gladly receiving the stolen goods. Were it not for this confiscation, as they called it years ago, their first year of office would have resulted in a marked deficit.

The House must have noticed that the Treasurer when referring to the large receipt of the past year from Succession Duties assumed the manner of the President of a Cemetery Company when announcing a good year's business at the annual meeting. Had the policy of the Hon. gentlemen opposite prevailed, had the motion of the Treasurer carried in 1896 one million of dollars at least would have been lost to the Treasury.

I commend to them the words of the great Tory Leader, the late Lord Salisbury, who, in one of his Quarterly Review articles, used these words:—

“Moreover the just Nemesis, which generally decrees that partisans shall be forced to do in office precisely that which they most loudly decried in opposition, has not failed to dog the footsteps of Lord Castlereagh's detractors.”

CORPORATION TAXES.

Another equally important item of constructive finance for which the late Government deserves great credit concerns what is called the Supplementary Revenue Act passed in 1899, under which the Banks, Insurance Companies, Railways and other Corporations contribute to the expenses of government. These wealthy corporations, possessing valuable privileges, enjoyed absolute immunity from taxation for many years. They themselves admitted the fairness of the legislation. Under this Act the Province has received since 1899 the large sum of \$2,474,884, the amount paid last year being \$445,688. This receipt we may expect can fairly be considerably increased. The State of Michigan received from Corporation taxes in 1903 \$2,552,985, and since 1903, I presume, still larger sums.

Let us examine the attitude of the present Government as regards this very important question, the matter of taxing Corporations.

The Supplementary Revenue Bill which taxes corporations was passed in 1899. On its second reading, Mr. Foy, the present Attorney General, moved the six months' hoist, and the present Premier and all his following then voted to defeat the bill. On the third reading the present Premier, taking the matter into his own hands, moved the six months' hoist but without avail. The bill of course became law. Had the present Premier and Attorney General succeeded in their persistent attempts to defeat the bill the Province would have lost up to date, \$2,474,884. And these same

men when the bill was under discussion declared that the Province had no surplus, that its position financially was one of impending peril and that great extravagance had prevailed. Can they now in the face of such folly and unwisdom be trusted safely to guide a great Province such as ours?

Not only did they twice avail themselves of every means in their power to defeat the measure, but they also promised to have it repealed. Let their own speeches prove my statement.

And again at Aurora, April 9th, 1902, the Mail and Empire of Globe of May 24th, 1902, as saying:—

"I moved the six months' hoist to that bill and if I sit on the Opposition side I will move it again and it may be that wherever I sit I will move it again."

And again at Aurora, April 9th, 1902,—The Mail & Empire of April 10th, 1902, reports him in these words,—"The Premier had said that the Opposition had been opposed to the taxes imposed on Corporations under the Revenue Act of 1898. He admitted that the Opposition had been against the first measure of direct taxation in the Province." (Applause).

The Globe Report of his speech at Aurora of April 10th, 1902, is in these words:—"It had been further asserted that no taxation would have been placed on the corporations." "That is true" said Mr. Whitney, "and I moved the six months hoist of the bill and in a few months I hope to take off the first burden of a direct taxation ever levied on the British people of the Province of Ontario."

And at Stoney Creek on April 16th, 1902, The Globe of April 17th, 1902, reports the present Premier as follows:—

"The Globe, he went on, said he wanted to take the taxation off the insurance, telegraph, telephone and other companies, not because taxation was on these companies, but because he did not believe it should be on anyone. The resources of the Province were such that if properly administered there would be no necessity for levying the tax."

Further, his speech at Picton, April 23rd, 1902, is reported in the Mail and Empire of April 24th, 1902, in these words:—

"Mr. Whitney then described how the Government after three annual deficits had realized the prophecies of its own organ, The Toronto Globe, and had imposed a measure of direct taxation. He and his colleagues believed that, if the resources of the Province were properly husbanded, no direct taxation would be necessary."

The Globe of April 11th, 1902, reports his speech delivered at Lindsay the previous day as follows:—

"The Speaker, as in his Aurora speech, declared emphatically that, if elected Premier, he would wipe off the Statute books the bill imposing taxation on insurance companies and other corpora-

tions, because it was the first measure of direct taxation which the people of Ontario had known."

As to the deficits referred to they existed only in the imagination of the speaker. The facts are that in 1900 there was a surplus of receipts over expenditures to the amount of \$189,211 although in that year the large sum of \$432,345 had been spent in Public Works and Buildings and Railway aid. In 1901 there was a surplus of \$427,210 on the year's operations, in the face of an expenditure (an addition to assets) of \$454,000 on Public Works and Buildings and Railway aid.

When the Supplementary Revenues Bill was introduced 1st March, 1899, Mr. Whitney (see "The Mail", March 2nd), stated: "The whole volume of the Province's financial history was comprised in the 'Hon. Treasurer's measure'. The fact that they had to consider was that the time had at last arrived when the Province had been dragged down to a point when one might almost say her hearthstones, windows and chimneys were to be taxed. She was face to face and struggling with direct taxation."

In the face of this speech how can the present Premier pretend to justify his attitude in 1899 or explain his volte face in 1905. He is swallowing his principles with a vengeance. His Treasurer today is taking in without any protest the hearthstone, window and chimney taxes which his predecessors imposed on a downtrodden Province and which by the way are cheerfully paid by the Banks, Insurance Companies and great Railways and other Corporations.

His position is not enviable to say the least of it and his present colleagues, the Attorney General and others who protested against these taxes must share it with him. I may remind the House that these hearthstones and chimney taxes were a feature of the good old days when the Tory party, with right Divine as they thought, ruled England. It was Gladstone in our own time who more than any other man simplified taxation and gave the people a few good taxes in lieu of many bad ones, reducing in one measure the list of dutiable articles from over four hundred to less than one hundred.

In the course of the debate the present Treasurer said that "there had been no attempt on the part of the Government to decrease the expenditure. The increase had been general, and the needed decrease was not to be made in any one particular item, but over the whole expenditure. The Opposition could, and would, had they the opportunity, reduce the expenditure to bring it within the present revenue," and his present Leader, when moving the six months' hoist, said, "the Conservatives believe further that there was no necessity for adopting and imposing new taxation. Its imposition marked a serious and solemn epoch in the history of the Province." Mr. Matheson followed, and stated "the Government

had no valid reason for imposing the tax. It simply wanted to keep up its present expenditure, and for this purpose direct taxation was certainly necessary."

How have they kept their promises. In his first year the present Treasurer has increased the expenditures all along the line, noticeably in the departments of Legislation (increase \$11,000) and Civil Government (increase \$31,000) which are above all other classes of expenditure controllable.

The revenues of 1905, it must be remembered, greatly exceeded the revenues of the year (1896) when the debate in question took place.

During the same debate the present Premier said that "the expenditures could be made without a solitary cent of extra taxation. That was the rock (Stationary Expenditures) on which they stood, and around which the people would rally."

He and his colleagues have quickly slipped off the rock, have climbed on to the liberal rock, and like all squatters are boasting more about the property than the rightful owners. The taxes they condemned and which will increase every year are, in the opinion of every thoughtful man in Ontario, the very sheet anchor of our financial position.

I have shown that we have been careful, prudent and fortunate in the matter of ordinary financial administration and in the devising of new, fair, large and fruitful sources of revenue.

All Governments are called on to make special and extraordinary expenditures in order to meet special and urgent needs. Tried by this test the late Government was not found wanting.

I will give a few examples only. From 1900 to 1904 we spent large sums as follows:—

Steel Bounties	\$ 94,502
Good Roads	142,000
Sugar Beets	153,174
University of Toronto	192,176
Technical Education	59,205
Kingston Mining School	113,000
New School of Science	279,000
Normal School, Toronto	48,000
Guelph College	72,000

Total \$1,153,057

I will call these development expenditures since each dollar thus spent will yield a rich return in one way or another by assisting in the development and unfolding of our latent wealth.

Take the bounty given to encourage the Sugar Beet Industry. The table given below shows the growth of one of the factories, that at Wallaceburg.

Year	Tons Beets	Paid Growers	Paid Wages	Value Sugar
1902-03	18,318	\$73,272.00	\$40,383.99	\$144,264.16
1903-04	19,413	93,101.51	58,555.51	177,619.96
1904-05	319,20	161,250.63	59,913.94	302,988.32
1905-06	52,005	245,722.55	73,335.57	456,828.28
		\$573,246.69	\$232,644.01	\$1,081,700.72

Do these figures not reveal that the western section of the Province has been greatly benefitted by the establishment of this Industry? A similar schedule as to the Berlin factory amply proves the wisdom of the grant.

Or examine the good roads expenditure. I will not take time in speaking of the extreme desirability of aiding the good roads movement in every possible way. Something has been done; much remains to be done. Our farmers are realizing its importance. This is a movement which never goes back. Every dollar honestly expended vindicates it, and broadens the demand for further expenditure. Better roads mean enhanced farm values. They are actually aiming at spending \$5,000,000 a year for ten years in New York state so as to bring every farm in the State within three miles of an excellent highway leading directly to a railway station. We have not spent too much in Canada on Railways or Canals or Colonization roads. They all aim one way. We have been foolishly parsimonious in the matter of bettering the ordinary township highways. Time does not admit of my referring to our other special expenditures. They justify themselves.

I have not referred to our new receipts from Brewers and Distillers under the bill passed in the Session of 1899. They are as follows:—

SUPPLEMENTARY REVENUE BILL.

Brewers and Distillers' Tax.

	Brewers.	Distillers.	Total.
1899-1900	\$31,016.66	\$35,166.66	\$66,183.32
1900-1901	26,839.17	35,166.66	62,005.83
1901-1902	25,725.00	35,166.66	60,891.66
1902-1903	25,788.75	35,166.66	60,955.41
1903-1904	25,686.66	35,166.66	60,853.32
1904-1905	25,264.25	35,166.66	60,430.91
1905-1906	27,310.33	35,666.66	62,976.99
		\$187,630.82	\$246,666.62
			\$434,297.44

Page 205 of the Journals 1898-9 shows that the present Government and its followers did its best to defeat the bill and throw away the revenue. Three times by means of a six months' hoist the present Government sought to thwart the legislation which gave the Province this revenue.

An article appeared in the Mail and Empire last December giving a small map of Northern Ontario and referring in large type to its limitless resources and rich heritage of land, mineral and forest.

What a pity, Sir, that this journal was so slow to see the light and learn the truth. In 1899 the Liberal Government sent exploration parties Northward, and some definite knowledge of the great clay belt was the result. What a misfortune that one great party in the Legislature was unsympathetic towards the Government in its vigorous policy of furnishing access to our great northland via the Temiscamingue Railway. The discovery of this most valuable clay belt of 16,000,000 acres, the rich finds in Cobalt, all that makes up our great heritage, form links in a chain fashioned and forged by the late Government. Although it is very late in the day I am glad, I repeat, that the Mail and Empire thus compliments the Liberal party.

The total receipts of the Province *from all sources* from 1867 to the end of 1896 amounted to \$89,365,700. The total expenditures for the same period amounted to \$89,131,561 which leaves \$233,000 on the right side of the ledger at the end of thirty years of satisfactory and continuous growth, expansion and development in a hundred directions.

We had January 1st, 1897, \$227,000 in the banks and an available surplus of cash assets in our trust funds and other investments amounting to millions over and above every obligation present and future.

I consider that the Opposition of the present Government (in most cases persistent) to the action of their predecessors as regards the important subjects I now refer to was unreasonable, unwise and against the best interests of the Province.

- (1) The appointment of a Good Roads Commissioner.
- (2) The appointment of a Drainage Referee.
- (3) The appointment of a Clerk of Forestry.
- (4) The appointment of an Assistant Instructor in Natural History at the Agricultural College, Guelph (1893).
- (5) The establishment of the Western Dairy School (1899).
- (6) The appropriation for Experimental fruit spraying.
- (7) The erection of a Normal School at London.
- (8) The Succession Duties Act.
- (9) The Supplementary Revenues Act.
- (10) The Brewers' Revenue Act.

All the matters referred to in this list (and it might be indefinitely increased) in the face of opposition, were dealt with and permanently settled greatly to the advantage of the Province and they will always be referred to as a solid achievement to be credited to the Liberal party.

Mr. Harcourt was frequently applauded during his fluent and vigorous speech of four hours and at the close was warmly congratulated.

RECEIPTS FROM SUCCESSION DUTIES.

From 1892 to 1905 inclusive.

Schedule (a).

1892	758	53
1893	45,507	42
1894	48,788	31
1895	298,824	99
1896	163,338	40
1897	83,546	30
1898	206,185	59
1899	150,111	50
1900	226,676	51
1901	366,581	96
1902	236,169	54
1903	386,948	24
1904	458,699	60
1905	684,178	36

\$3,376,317 35

Schedule (b).

RECEIPTS FROM TAXES ON CORPORATIONS

under the Supplementary Revenue Act 1899.

1899	\$217,059	94
1900	229,774	44
1901	237,506	82
1902	245,976	00
1903	257,624	40
1904	420,627	82
1905	445,688	43

\$2,054,257 86

SUPPLEMENTARY REVENUE BILL.

Brewers' and Distillers' Tax.

Schedule (c).

	Brewers.	Distillers.	Total.
1899-1900	\$31,016.66	\$35,166.66	\$66,183.32
1900-1901	26,839.17	35,166.66	62,005.83
1901-1902	25,725.00	35,166.66	60,891.66
1902-1903	25,788.75	35,166.66	60,955.41
1903-1904	25,686.66	35,166.66	60,853.32
1904-1905	25,264.25	35,166.66	60,430.91
1905-1906	27,310.33	35,666.66	62,976.99
	<hr/> \$187,630.82	<hr/> \$246,666.62	<hr/> \$434,297.44

Schedule (d).

Year.	Receipts.	Expenditures.	Percentage, Expenditures and Receipts
1893	\$4,091,914	\$3,907,428	\$ 95
1894	3,453,163	3,839,339	111
1895	3,585,300	3,758,595	105
1896	3,490,671	3,703,380	106
1897	4,139,848	3,767,676	91
1898	3,710,928	3,864,971	104
1899	4,103,473	3,717,404	91
1900	4,192,940	4,003,729	91
1901	4,466,044	4,038,834	90
1902	4,291,083	4,345,004	104
1903	5,466,653	4,888,983	96
1904	6,128,358	5,267,453	86
	<hr/> \$51,119,980	<hr/> \$49,102,786	<hr/> 96½

Receipts show increase of 48% over 1893.

Receipts 1904 show increase of 48% over 1893.

**List of Properties owned by the Province of Ontario
in the City of Toronto.**

Schedule (e).

ASYLUM FOR INSANE, TORONTO.

35 acres on Queen Street, estimated value.....	\$200,000
Building cost about	500,000

BLOCK E, TORONTO ASYLUM GROUNDS.

Corner Queen & Lisgar Sts., 137' 7", at \$60	8,300
Block H, corner Queen and Shaw Sts., 134' at \$60.. ..	8,040
Block L, corner Queen & Massey Sts., 117' 4" at \$60 ..	7,040
Old Engine House Lot 1r 1r 24P	5,000
Central Prison, Toronto, 21.4 Acres Strachan ave. \$3,000	64,200
Buildings cost about	150,000

CENTRAL PRISON PORTION OLD BRICKYARD.

Corner Pacific Ave. and Liberty Sts, 2 1-10 acres at \$3,000	6,300
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ANDREW MERCER REFORMATORY.

5 acres King Street	\$ 25,000
Buildings cost about	200,000

OSGOODE HALL LAW COURTS.

3 acres Queen Street	60,000
Buildings cost about	430,000

GOVERNMENT HOUSE.

6 acres	120,000
Buildings cost about	175,000

EDUCATION DEPARTMENT and NORMAL SCHOOL.

7½ acres St. James square	150,000
Buildings cost about	200,000

NEW PARLIAMENT BUILDINGS.

9 36-100 acres in Queen's Park.....	180,000
Buildings cost about	1,300,000

\$3,788,880

PROVINCE OF ONTARIO RAILWAY ANNUITIES.

Year of sale.	Amount.	Interest yield to purchaser.
1896	\$177,730	3¼%.
1897	156,342	a fraction under 3¼%.
1898	128,417	a fraction under 3 3-16%.



